

1 AN ACT in relation to taxes.

2 Be it enacted by the People of the State of Illinois,  
3 represented in the General Assembly:

4 Section 5. The Illinois Income Tax Act is amended by  
5 changing Section 207 as follows:

6 (35 ILCS 5/207) (from Ch. 120, par. 2-207)

7 Sec. 207. Net losses ~~Losses~~.

8 (a) If after applying all of the modifications provided  
9 for in paragraph (2) of Section 203(b), paragraph (2) of  
10 Section 203(c) and paragraph (2) of Section 203(d) and the  
11 allocation and apportionment provisions of Article 3 of this  
12 Act, the taxpayer's net income results in a loss;

13 (1) for any taxable year ending prior to December  
14 31, 1999, such loss shall be allowed as a carryover or  
15 carryback deduction in the manner allowed under Section  
16 172 of the Internal Revenue Code; and

17 (2) for any taxable year ending on or after  
18 December 31, 1999, such loss shall be allowed as a  
19 carryback to each of the 2 taxable years preceding the  
20 taxable year of such loss and shall be a net operating  
21 carryover to each of the 20 taxable years following the  
22 taxable year of such loss.

23 (A) The taxpayer may elect to relinquish the  
24 entire carryback period with respect to such loss.  
25 Such election shall be made in the form and manner  
26 prescribed by the Department and shall be made by  
27 the due date (including extensions of time) for  
28 filing the taxpayer's return for the taxable year in  
29 which such loss is incurred, and such election, once  
30 made, shall be irrevocable.

31 (B) The entire amount of such loss shall be

1 carried to the earliest taxable year to which such  
2 loss may be carried. The amount of such loss which  
3 shall be carried to each of the other taxable years  
4 shall be the excess, if any, of the amount of such  
5 loss over the sum of the deductions for carryback or  
6 carryover of such loss allowable for each of the  
7 prior taxable years to which such loss may be  
8 carried.

9 (b) Any loss determined under subsection (a) of this  
10 Section must be carried back or carried forward in the same  
11 manner for purposes of subsections (a) and (b) of Section 201  
12 of this Act as for purposes of subsections (c) and (d) of  
13 Section 201 of this Act.

14 (Source: P.A. 91-541, eff. 8-13-99.)